

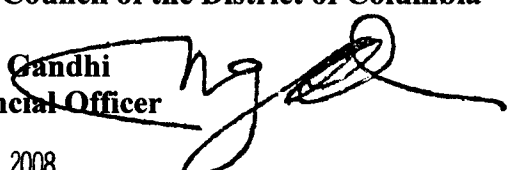
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAR 28 2008

SUBJECT: Fiscal Impact Statement: "Medicaid State Plan Amendment to Remove the Asset Test for Qualified Medicare Beneficiary Eligibility Approval Resolution of 2008"

REFERENCE: Draft Resolution – Number Not Available

Conclusion

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. Implementation of the proposed State Plan Amendment (SPA) is not estimated to have a cost in FY 2008 or FY 2009 due to a projected lag in program participation. It is estimated to have a local cost of approximately \$26,000 in FY 2010 and \$49,000 in FY 2011, for a total local cost of \$75,000 over the FY 2008 through FY 2011 budget and financial plan period. The Department of Health (DOH), Medical Assistance Administration (MAA) has sufficient funds to implement the proposed SPA.

Background

The proposed SPA relates to MAA eligibility requirements for the Qualified Medicare Beneficiary (QMB) program. Currently, Medicare recipients are eligible to have Medicare premiums, co-pays, and deductibles paid by Medicaid under the QMB program. To be eligible for this program, Medicare beneficiaries must have an income that is between 100% and 300% of the federal poverty level (FPL) and assets below \$4,000 for a single person and \$6,000 for a couple.

The proposed resolution would make Medicare beneficiaries between 100% and 300% FPL eligible for the QMB program *regardless* of assets. Per section 5066 of the FY 2008 Budget Support Act of 2007¹ MAA conducted a QMB program analysis that examined the impact of removing the asset test. This analysis indicated that removal of the asset test would significantly decrease the financial burden on low-income and elderly beneficiaries in the District of Columbia. For example, MAA estimated that a QMB has the potential to save a beneficiary over \$6,000 per year due to reduced co-pays per prescription, no annual deductibles, and no monthly premiums.

Financial Plan Impact

Funds are sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. Implementation of the proposed SPA is not estimated to have a cost in FY 2008 or FY 2009 due to a projected lag in program participation. It is estimated to have a local cost of approximately \$26,000 in FY 2010 and \$49,000 in FY 2011, for a total local cost of \$75,000 over the FY 2008 through FY 2011 budget and financial plan period. MAA has sufficient funds to implement the proposed SPA.

The table below displays both the local and federal costs of implementing the proposed resolution over the FY 2008 through FY 2011 period.

Cost Impact of Implementing the Proposed Resolution					
	FY 2008	FY 2009	FY 2010	FY 2011	4 Year Total
Total number of QMB recipients	1,466	1,466	1,539	1,601	1,601
Number of new QMB recipients due to proposed SPA	0	0	73	62	135
Percent growth over prior FY	0%	0%	5%	4%	N/A
Net Cost	\$0	\$0	\$86,882	\$162,882	\$249,764
Federal Share	\$0	\$0	\$60,817	\$114,017	\$174,834
Local Share (Net Cost minus Federal Share)	\$0	\$0	\$26,065	\$48,865	\$74,930

Table notes and assumptions:

- The table reflects marginal cost increases for new beneficiaries who would become eligible for the QMB program.
- Only the local share would impact the District's budget and financial plan.
- The estimated number of new beneficiaries under the proposed SPA would be 73 in 2010 and 62 in 2011.
- It is estimated that premiums will increase by 3% annually, while utilization will stay constant for the first two years and increase by 5% in 2010 and 4% in 2011.

¹ Effective September 18, 2007.